

## Definition of Terms

**Affordable Housing** assumes that a renter household pays no more than 30% of its income toward housing costs, and that utilities are included in this amount. For homeowners, an affordable mortgage payment is 25% of household income, leaving 5% of income for taxes, insurance, utilities and maintenance. Condominium fees often include some of these costs.

**Median Home Price** is the sale price of the "middle" home during a given period. 50% of homes sell for higher than this amount and 50% sell for less.

**Average Home Price** is the average cost of all home sales during a given period. Because a few very expensive homes can raise the average, it is usually higher than the median home price. The home prices (both average and median) quoted in this report are based primarily on resale rather than newly-constructed homes, many of which are sold directly by developers.

**Single-family homes** are generally detached homes, and do not include condominiums or most townhouses. **Condos** include all attached homes without independent ownership of one's own lot. **All homes** refers to both single-family and condominium housing.

**Average Rent** is the average of all units surveyed at a point in the year. In some cases the average is given for two bedroom, one bath units only.

**Vacancy rate** refers to the percent of all units surveyed that are vacant at the time of the survey. A normal vacancy rate is approximately 5%. A scarcity of rental units means upward pressure on rents.

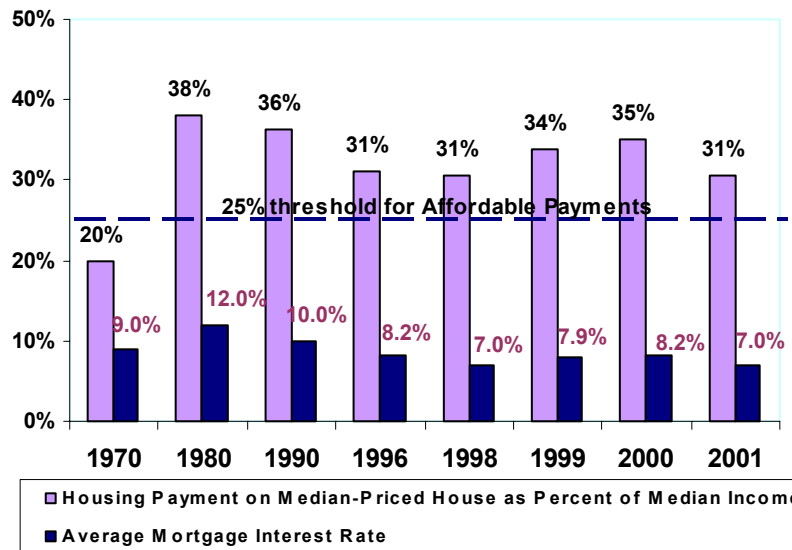
**Median Household Income** is the income earned by the middle household in order of income. The median income of a "typical household" in King County is calculated by averaging the H.U.D. median income for a two person and a three person household, since the average household size in this county is about 2.4 persons.

Income status is described as a percent of median income. For this report **very low income** refers to those earning under 30% of median income. **Low income** households earn less than 50% of median income. **Moderate income** households earn 50 – 80% of the median income.

## 2001 Highlights of Home Sales

- The median price of all homes sold in King County in the first three quarters of 2001 was \$244,000.
- The median price of single family homes was \$264,000, and of condominiums was \$174,000.
- With interest rates at 6.5% - 7.0% for a conventional 30 year mortgage, buying a home was slightly more affordable in 2001 than during the last two years when interest rates were higher.
- For a household earning the median income for King County, it would take about 31% of the household's monthly income to pay the mortgage on the median-priced single family home.
- In 1970 the proportion of income required was 20%, in 1980 it was 38%, in 1990 it was 36%, and in 2000 it was 35%.
- A home is considered affordable if the mortgage is no more than 25% of one's monthly income.

Percent of Median Monthly Budget Needed for  
Median-Priced Home Payments: 1970 - 2001



\*An affordable monthly payment is approximately 25% or less of median monthly income. This graph assumes a conventional 30 year mortgage with 10% down, at the average interest rate for that year.

- A household earning the median income for the County (\$61,400 for a typical household) could afford a home priced at about \$214,000, if they made a 10% down payment. About 29% of single-family homes sold at or below this price.
- With a 5% down payment, the same household could afford a home priced at about \$202,000. 24% of single family home sales were at or below this price during 2001.
- At 80% of median income, a household could afford a home costing about \$155,000. 6.5% of single family homes and 41% of condos sold at or below this price.
- The median-price of home (condo or single family) in the Southwest sub-region was about \$180,000 while on the Eastside it was \$310,000.